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Attorneys for Defendant  
Steven Schultz

**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES DIVISION**

In re	) Case No. 2:19-bk-23085-BB
YOUTH POLICY INSTITUTE, INC.,	)
Debtor.	) Chapter 7
	)
	) Adv. No. 2:21-ap-01221-BB
	)
JASON M. RUND, Chapter 7 Trustee	) <b>DEFENDANT STEVEN</b>
Plaintiff,	) <b>SCHULTZ'S ANSWER AND</b>
v.	) <b>AFFIRMATIVE DEFENSES TO</b>
	) <b>COMPLAINT; DEMAND FOR</b>
DIXON SLINGERLAND; STEVEN	) <b>JURY TRIAL</b>
SCHULTZ; SUZANNE STEINKE;	)
SUZANNE M. STEINKE A	) <u>Initial Status Conference:</u>
PROFESSIONAL CORPORATION;	) Date: January 4, 2022
HILL MORGAN AND ASSOCIATES,	) Time: 2:00 p.m.
LLP	) Place: 255 E. Temple St.
	) Courtroom 1539
Defendants.	) Los Angeles, CA 90012
	)
	)

**DEFENDANT STEVEN SCHULTZ'S ANSWER TO COMPLAINT**

1 Defendant STEVEN SCHULTZ (“DEFENDANT”) hereby provides his  
2 Answer and Affirmative Defenses to the Chapter 7 Trustee’s Adversary  
3 Complaint, with the paragraph numbers in the Answer corresponding to those in  
4 the Complaint.

5 1. The allegations in this paragraph are legal conclusions to which no  
6 response is required. To the extent a response is required, DEFENDANT lacks  
7 sufficient knowledge or information to form a belief about the truth of the  
8 allegations in this paragraph and, for that reason, denies them.

9 2. DEFENDANT admits that Plaintiff is the Chapter 7 trustee of the  
10 Debtor’s bankruptcy estate and admits that the Plaintiff brings his claims in his  
11 capacity as trustee and not in his individual capacity. The remaining allegations in  
12 this paragraph are legal conclusions to which no response is required. To the extent  
13 a response is required, DEFENDANT lacks sufficient knowledge or information  
14 sufficient to form a belief about the truth of the remaining allegations in this  
15 paragraph and, for that reason, denies them.

16 3. DEFENDANT admits that Dixon Slingerland is an individual and  
17 worked at YPI as its CEO. DEFENDANT does not have sufficient information to  
18 know whether Dixon Slingerland resides at 4247 Camellia Ave., Studio City, CA  
19 91604.

20 4. DEFENDANT lacks sufficient knowledge or information sufficient to  
21 form a belief about the truth of the allegations in this paragraph and, for that  
22 reason, denies them.

23 5. DEFENDANT admits that he had the title of YPI’s CFO and resides  
24 in Los Angeles, CA.

25 6. DEFENDANT admits that Hill, Morgan and Associates was an  
26 independent auditor for YPI. DEFENDANT lacks sufficient knowledge or  
27 information sufficient to form a belief about the truth of the remaining allegations  
28 in this paragraph and, for that reason, denies them.

1           7. As to Paragraph 7, DEFENDANT is without sufficient knowledge or  
2 information so as to form a belief as to the truth of the allegations contained in  
3 Paragraph 7 of Plaintiff's Complaint and therefore denies the allegations of  
4 Paragraph 7.

5           8. As to Paragraph 8, DEFENDANT admits that YPI had its principal  
6 place of business in Los Angeles but is without sufficient knowledge or  
7 information so as to form a belief as to the truth of the remaining allegations  
8 contained in Paragraph 8 of Plaintiff's Complaint and therefore denies the  
9 remaining allegations of Paragraph 8.

10          9. As to Paragraph 9, DEFENDANT admits that YPI received funding  
11 from government grants but is without sufficient knowledge or information so as to  
12 form a belief as to the truth of the remaining allegations contained in Paragraph 9  
13 of Plaintiff's Complaint and therefore denies the remaining allegations of  
14 Paragraph 9.

15          10. As to Paragraph 10, DEFENDANT admits that Slingerland was the  
16 President and CEO of YPI, but DEFENDANT is without sufficient knowledge or  
17 information so as to form a belief as to the truth of the remaining allegations  
18 contained in Paragraph 10 of Plaintiff's Complaint and therefore denies the  
19 remaining allegations of Paragraph 10.

20          11. As to Paragraph 11, DEFENDANT is without sufficient knowledge or  
21 information so as to form a belief as to the truth of the allegations contained in  
22 Paragraph 11 of Plaintiff's Complaint and therefore denies the allegations of  
23 Paragraph 11.

24          12. As to Paragraph 12, DEFENDANT is without sufficient knowledge or  
25 information so as to form a belief as to the truth of the allegations contained in  
26 Paragraph 12 of Plaintiff's Complaint and therefore denies the allegations of  
27 Paragraph 12.  
28

1           13. As to Paragraph 13, the allegations call for legal conclusions, and on  
2 that basis, DEFENDANT denies the allegations in contained in Paragraph 13.

3           14. As to Paragraph 14, DEFENDANT is without sufficient knowledge or  
4 information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 14 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 14.

7           15. As to Paragraph 15, DEFENDANT is without sufficient knowledge or  
8 information so as to form a belief as to the truth of the allegations contained in  
9 Paragraph 15 of Plaintiff's Complaint and therefore denies the allegations of  
10 Paragraph 15.

11           16. DEFENDANT admits that YPI was required to disclose certain  
12 aspects of executive compensation, but as to the remainder of Paragraph 16,  
13 DEFENDANT is without sufficient knowledge or information so as to form a  
14 belief as to the truth of the remaining allegations contained in Paragraph 16 of  
15 Plaintiff's Complaint and therefore denies the remaining allegations of Paragraph  
16 16.

17           17. As to Paragraph 17, DEFENDANT is without sufficient knowledge or  
18 information so as to form a belief as to the truth of the allegations contained in  
19 Paragraph 17 of Plaintiff's Complaint and therefore denies the allegations of  
20 Paragraph 17.

21           18. As to Paragraph 18, DEFENDANT is without sufficient knowledge or  
22 information so as to form a belief as to the truth of the allegations contained in  
23 Paragraph 18 of Plaintiff's Complaint and therefore denies the allegations of  
24 Paragraph 18.

25           19. As to Paragraph 19, DEFENDANT is without sufficient knowledge or  
26 information so as to form a belief as to the truth of the allegations contained in  
27 Paragraph 19 of Plaintiff's Complaint and therefore denies the allegations of  
28 Paragraph 19.

1           20. As to Paragraph 20, DEFENDANT is without sufficient knowledge or  
2 information so as to form a belief as to the truth of the allegations contained in  
3 Paragraph 20 of Plaintiff's Complaint and therefore denies the allegations of  
4 Paragraph 20.

5           21. DEFENDANT admits that Armanino LLP was YPI's auditor for the  
6 2017-2018 fiscal year, but DEFENDANT is without sufficient knowledge or  
7 information so as to form a belief as to the truth of the remaining allegations  
8 contained in Paragraph 21 of Plaintiff's Complaint and therefore denies the  
9 remaining allegations of Paragraph 21.

10           22. As to Paragraph 22, DEFENDANT is without sufficient knowledge or  
11 information so as to form a belief as to the truth of the allegations contained in  
12 Paragraph 22 of Plaintiff's Complaint and therefore denies the allegations of  
13 Paragraph 22. DEFENDANT denies the portion of Paragraph 22 that implies that  
14 DEFENDANT was not aware of the issues prior to Armanino's notice.

15           23. DEFENDANT admits Paragraph 23, but DEFENDANT is without  
16 sufficient knowledge or information so as to form a belief as to the truth of the  
17 allegations contained in Paragraph 23 of Plaintiff's Complaint concerning Mr.  
18 Slingerland's alleged unsatisfactory responses and documentation and the Special  
19 Committee's alleged expansion of its review to the period of 2014 through 2019  
20 and therefore denies these allegations.

21           24. DEFENDANT admits Paragraph 24.

22           25. DEFENDANT admits in Paragraph 25 that the DOE made findings,  
23 but DEFENDANT denies the findings of the DOE.

24           26. As to Paragraph 26, DEFENDANT admits that DOE made such  
25 findings, but DEFENDANT denies the findings of the DOE.

26           27. As to Paragraph 27, DEFENDANT admits that DOE made such  
27 findings, but DEFENDANT denies the findings of the DOE.

1           28. As to Paragraph 28, DEFENDANT admits that DOE placed YPI on a  
2 “route payment” status, but DEFENDANT denies the remainder of Paragraph 28.

3           29. As to Paragraph 29, DEFENDANT admits that Armanino made a  
4 report, but DEFENDANT is without sufficient knowledge or information so as to  
5 form a belief as to the truth of the remaining allegations contained in Paragraph 29  
6 of Plaintiff’s Complaint and therefore denies the remaining allegations of  
7 Paragraph 29.

8           30. As to Paragraph 30, DEFENDANT is without sufficient knowledge or  
9 information so as to form a belief as to the truth of the allegations contained in  
10 Paragraph 30 of Plaintiff’s Complaint and therefore denies the allegations of  
11 Paragraph 30.

12           31. As to Paragraph 31, DEFENDANT is without sufficient knowledge or  
13 information so as to form a belief as to the truth of the allegations contained in  
14 Paragraph 31 of Plaintiff’s Complaint and therefore denies the allegations of  
15 Paragraph 31.

16           32. As to Paragraph 32, DEFENDANT is without sufficient knowledge or  
17 information so as to form a belief as to the truth of the allegations contained in  
18 Paragraph 32 of Plaintiff’s Complaint and therefore denies the allegations of  
19 Paragraph 32.

20           33. As to Paragraph 33, YPI’s Bylaws speak for themselves.

21           34. As to Paragraph 34, the allegations call for a legal conclusion and the  
22 Bylaws speak for themselves, and on that basis, DEFENDANT denies the  
23 allegations contained in Paragraph 34 of Plaintiff’s Complaint.

24           35. As to Paragraph 35, DEFENDANT is without sufficient knowledge or  
25 information so as to form a belief as to the truth of the allegations contained in  
26 Paragraph 35 of Plaintiff’s Complaint and therefore denies the allegations of  
27 Paragraph 35.

1           36. As to Paragraph 36, the IRS Form 990 filings speak for themselves,  
2 and DEFENDANT is without sufficient knowledge or information so as to form a  
3 belief as to the truth of the allegations contained in Paragraph 36 of Plaintiff's  
4 Complaint and therefore denies the allegations of  
5 Paragraph 36.

6           37. As to Paragraph 37, DEFENDANT is without sufficient knowledge or  
7 information so as to form a belief as to the truth of the allegations contained in  
8 Paragraph 37 of Plaintiff's Complaint and therefore denies the allegations of  
9 Paragraph 37.

10          38. As to Paragraph 38, IRS 990 speaks for itself, as does Armanino's  
11 audit, and therefore, DEFENDANT is without sufficient knowledge or information  
12 so as to form a belief as to the truth of the allegations contained in Paragraph 38 of  
13 Plaintiff's Complaint and therefore denies the allegations of Paragraph 38.

14          39. As to Paragraph 39, DEFENDANT is without sufficient knowledge or  
15 information so as to form a belief as to the truth of the allegations contained in  
16 Paragraph 39 of Plaintiff's Complaint and therefore denies the allegations of  
17 Paragraph 39.

18          40. As to Paragraph 40, the Impact Report speaks for itself.  
19 DEFENDANT is without sufficient knowledge or information so as to form a  
20 belief as to the truth of the allegations contained in Paragraph 40 of Plaintiff's  
21 Complaint and therefore denies the allegations of Paragraph 40.

22          41. DEFENDANT admits Paragraph 41, but DEFENDANT lacks  
23 information about whether the grant was over \$15 million in the fiscal year 2017-  
24 2018 and therefore denies that portion of Paragraph 41.

25          42. DEFENDANT admits Paragraph 42.

26          43. As to Paragraph 43, DEFENDANT is without sufficient knowledge or  
27 information so as to form a belief as to the truth of the allegations contained in  
28 Paragraph 43 of Plaintiff's Complaint and therefore denies the allegations of

Paragraph 43.

44. As to Paragraph 44, DEFENDANT is without sufficient knowledge or information so as to form a belief as to the truth of the allegations contained in Paragraph 44 of Plaintiff's Complaint and therefore denies the allegations of Paragraph 44.

45. As to Paragraph 45, DEFENDANT is without sufficient knowledge or information so as to form a belief as to the truth of the allegations contained in Paragraph 45 of Plaintiff's Complaint and therefore denies the allegations of Paragraph 45.

46. As to Paragraph 46, DEFENDANT is without sufficient knowledge or information so as to form a belief as to the truth of the allegations contained in Paragraph 46 of Plaintiff's Complaint and therefore denies the allegations of Paragraph 46.

47. DEFENDANT admits Paragraph 47.

48. As to Paragraph 48, DEFENDANT is without sufficient knowledge or information so as to form a belief as to the truth of the allegations contained in Paragraph 48 of Plaintiff's Complaint and therefore denies the allegations of Paragraph 48.

49. As to Paragraph 49, DEFENDANT is without sufficient knowledge or information so as to form a belief as to the truth of the allegations contained in Paragraph 49 of Plaintiff's Complaint and therefore denies the allegations of Paragraph 49.

50. As to Paragraph 50, DEFENDANT is without sufficient knowledge or information so as to form a belief as to the truth of the allegations contained in Paragraph 50 of Plaintiff's Complaint and therefore denies the allegations of Paragraph 50.

51. As to Paragraph 51, DEFENDANT is without sufficient knowledge or



1 information so as to form a belief as to the truth of the allegations contained in  
2 Paragraph 51 of Plaintiff's Complaint and therefore denies the allegations of  
3 Paragraph 51.

4 52. As to Paragraph 52, DEFENDANT is without sufficient knowledge or  
5 information so as to form a belief as to the truth of the allegations contained in  
6 Paragraph 52 of Plaintiff's Complaint and therefore denies the allegations of  
7 Paragraph 52.

8 53. As to Paragraph 53, DEFENDANT is without sufficient knowledge or  
9 information so as to form a belief as to the truth of the allegations contained in  
10 Paragraph 53 of Plaintiff's Complaint and therefore denies the allegations of  
11 Paragraph 53.

12 54. As to Paragraph 54, DEFENDANT is without sufficient knowledge or  
13 information so as to form a belief as to the truth of the allegations contained in  
14 Paragraph 54 of Plaintiff's Complaint and therefore denies the allegations of  
15 Paragraph 54.

16 55. As to Paragraph 55 DEFENDANT is without sufficient knowledge or  
17 information so as to form a belief as to the truth of the allegations contained in  
18 Paragraph 55 of Plaintiff's Complaint and therefore denies the allegations of  
19 Paragraph 55.

20 56. As to Paragraph 56, DEFENDANT is without sufficient knowledge or  
21 information so as to form a belief as to the truth of the allegations contained in  
22 Paragraph 56 of Plaintiff's Complaint and therefore denies the allegations of  
23 Paragraph 56.

24 57. As to Paragraph 57, DEFENDANT is without sufficient knowledge or  
25 information so as to form a belief as to the truth of the allegations contained in  
26 Paragraph 57 of Plaintiff's Complaint and therefore denies the allegations of  
27 Paragraph 57.

28 58. As to Paragraph 58, DEFENDANT is without sufficient knowledge or

1 information so as to form a belief as to the truth of the allegations contained in  
2 Paragraph 58 of Plaintiff's Complaint and therefore denies the allegations of  
3 Paragraph 58.

4 59. As to Paragraph 59, DEFENDANT is without sufficient knowledge or  
5 information so as to form a belief as to the truth of the allegations contained in  
6 Paragraph 59 of Plaintiff's Complaint and therefore denies the allegations of  
7 Paragraph 59.

8 60. As to Paragraph 60, DEFENDANT is without sufficient knowledge or  
9 information so as to form a belief as to the truth of the allegations contained in  
10 Paragraph 60 of Plaintiff's Complaint and therefore denies the allegations of  
11 Paragraph 60.

12 61. As to Paragraph 61, DEFENDANT reincorporates and realleges its  
13 responses to Paragraphs 1-60.

14 62. As to Paragraph 62, DEFENDANT admits that he voluntarily  
15 undertook the duties and responsibilities of being YPI's CFO, denies that he was a  
16 director, and is without sufficient knowledge to admit or deny the remainder of the  
17 allegations in Paragraph 62 and must therefore deny the remaining allegations of  
18 Paragraph 62.

19 63. As to Paragraph 63, DEFENDANT denies as to Schultz but is without  
20 sufficient knowledge to admit or deny the remainder of the allegations in  
21 Paragraph 63 as to Slingerland and must therefore deny the remaining allegations  
22 of Paragraph 63.

23 64. As to Paragraph 64, DEFENDANT is without sufficient knowledge or  
24 information so as to form a belief as to the truth of the allegations contained in  
25 Paragraph 64 of Plaintiff's Complaint and therefore denies the allegations of  
26 Paragraph 64.

27 65. As to Paragraph 65, DEFENDANT is without sufficient knowledge or  
28 information so as to form a belief as to the truth of the allegations contained in

1 Paragraph 65 of Plaintiff's Complaint and therefore denies the allegations of  
2 Paragraph 65.

3 66. As to Paragraph 66, DEFENDANT is without sufficient knowledge or  
4 information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 66 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 66.

7 67. As to Paragraph 67, DEFENDANT reincorporates and realleges its  
8 responses to Paragraphs 1-66.

9 68. As to Paragraph 68 DEFENDANT is without sufficient knowledge or  
10 information so as to form a belief as to the truth of the allegations contained in  
11 Paragraph 68 of Plaintiff's Complaint and therefore denies the allegations of  
12 Paragraph 68.

13 69. As to Paragraph 69, DEFENDANT is without sufficient knowledge or  
14 information so as to form a belief as to the truth of the allegations contained in  
15 Paragraph 69 of Plaintiff's Complaint and therefore denies the allegations of  
16 Paragraph 69.

17 70. As to Paragraph 70, DEFENDANT is without sufficient knowledge or  
18 information so as to form a belief as to the truth of the allegations contained in  
19 Paragraph 70 of Plaintiff's Complaint and therefore denies the allegations of  
20 Paragraph 70.

21 71. DEFENDANT reincorporates and realleges its responses to  
22 Paragraphs 1-70.

23 72. As to Paragraph 72 DEFENDANT is without sufficient knowledge or  
24 information so as to form a belief as to the truth of the allegations contained in  
25 Paragraph 72 of Plaintiff's Complaint and therefore denies the allegations of  
26 Paragraph 72.

27 73. As to Paragraph 73, DEFENDANT is without sufficient knowledge or  
28 information so as to form a belief as to the truth of the allegations contained in

1 Paragraph 73 of Plaintiff's Complaint and therefore denies the allegations of  
2 Paragraph 73.

3 74. As to Paragraph 74 DEFENDANT is without sufficient knowledge or  
4 information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 74 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 74.

7 75. As to Paragraph 75, DEFENDANT is without sufficient knowledge or  
8 information so as to form a belief as to the truth of the allegations contained in  
9 Paragraph 75 of Plaintiff's Complaint and therefore denies the allegations of  
10 Paragraph 75.

11 76. DEFENDANT admits that he was the CFO of YPI during a specific  
12 point in time, but DEFENDANT denies the remainder of Paragraph 76.

13 77. DEFENDANT denies Paragraph 77.

14 78. DEFENDANT denies Paragraph 78.

15 79. DEFENDANT denies Paragraph 79.

16 80. DEFENDANT denies Paragraph 80.

17 81. As to Paragraph 81, DEFENDANT is without sufficient knowledge or  
18 information so as to form a belief as to the truth of the allegations contained in  
19 Paragraph 81 of Plaintiff's Complaint and therefore denies the allegations of  
20 Paragraph 81.

21 82. DEFENDANT reincorporates and realleges its responses to  
22 Paragraphs 1-81.

23 83. As to Paragraph 83, DEFENDANT admits that YPI is a non-profit  
24 public benefit corporation, but the remaining allegations of Paragraph 83 call for a  
25 legal conclusion, and on that basis, DEFENDANT denies paragraph 83.

26 84. As to Paragraph 84, DEFENDANT admits that YPI received  
27 charitable contributions, but DEFENDANT is without sufficient knowledge or  
28

1 information to admit or deny the remaining allegations in Paragraph 84, and on  
2 that basis, DEFENDANT must deny the remaining allegations in Paragraph 84.

3 85. As to Paragraph 85, DEFENDANT is without sufficient knowledge or  
4 information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 85 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 85.

7 86. DEFENDANT denies Paragraph 86.

8 87. As to Paragraph 87, DEFENDANT denies as to Schulz and is without  
9 sufficient knowledge or information so as to form a belief as to the truth of the  
10 remaining allegations contained in Paragraph 87 of Plaintiff's Complaint and  
11 therefore denies the balance of the allegations of Paragraph 87.

12 88. As to Paragraph 88, DEFENDANT is without sufficient knowledge or  
13 information so as to form a belief as to the truth of the allegations contained in  
14 Paragraph 88 of Plaintiff's Complaint and therefore denies the allegations of  
15 Paragraph 88.

16 89. As to Paragraph 89, DEFENDANT is without sufficient knowledge or  
17 information so as to form a belief as to the truth of the allegations contained in  
18 Paragraph 89 of Plaintiff's Complaint and therefore denies the allegations of  
19 Paragraph 89.

20 90. DEFENDANT reincorporates and realleges its responses to  
21 Paragraphs 1-89.

22 91. As to Paragraph 91, DEFENDANT is without sufficient knowledge or  
23 information so as to form a belief as to the truth of the allegations contained in  
24 Paragraph 91 of Plaintiff's Complaint and therefore denies the allegations of  
25 Paragraph 91.

26 92. As to Paragraph 92, DEFENDANT is without sufficient knowledge or  
27 information so as to form a belief as to the truth of the allegations contained in  
28 Paragraph 92 of Plaintiff's Complaint and therefore denies the allegations of

1 Paragraph 92.

2 93. As to Paragraph 93, DEFENDANT is without sufficient knowledge or  
3 information so as to form a belief as to the truth of the allegations contained in  
4 Paragraph 93 of Plaintiff's Complaint and therefore denies the allegations of  
5 Paragraph 93.

6 94. As to Paragraph 94, DEFENDANT is without sufficient knowledge or  
7 information so as to form a belief as to the truth of the allegations contained in  
8 Paragraph 94 of Plaintiff's Complaint and therefore denies the allegations of  
9 Paragraph 94.

10 95. DEFENDANT reincorporates and realleges its responses to  
11 Paragraphs 1-94.

12 96. As to Paragraph 96, DEFENDANT is without sufficient knowledge or  
13 information so as to form a belief as to the truth of the allegations contained in  
14 Paragraph 96 of Plaintiff's Complaint and therefore denies the allegations of  
15 Paragraph 96.

16 97. As to Paragraph 97, DEFENDANT is without sufficient knowledge or  
17 information so as to form a belief as to the truth of the allegations contained in  
18 Paragraph 97 of Plaintiff's Complaint and therefore denies the allegations of  
19 Paragraph 97.

20 98. As to Paragraph 98, DEFENDANT is without sufficient knowledge or  
21 information so as to form a belief as to the truth of the allegations contained in  
22 Paragraph 98 of Plaintiff's Complaint and therefore denies the allegations of  
23 Paragraph 98.

24 99. As to Paragraph 99, DEFENDANT is without sufficient knowledge or  
25 information so as to form a belief as to the truth of the allegations contained in  
26 Paragraph 99 of Plaintiff's Complaint and therefore denies the allegations of  
27 Paragraph 99.

1           100. As to Paragraph 100, DEFENDANT is without sufficient knowledge  
2 or information so as to form a belief as to the truth of the allegations contained in  
3 Paragraph 100 of Plaintiff's Complaint and therefore denies the allegations of  
4 Paragraph 100.

5           101. As to Paragraph 101, DEFENDANT is without sufficient knowledge  
6 or information so as to form a belief as to the truth of the allegations contained in  
7 Paragraph 101 of Plaintiff's Complaint and therefore denies the allegations of  
8 Paragraph 101.

9           102. As to Paragraph 102, DEFENDANT is without sufficient knowledge  
10 or information so as to form a belief as to the truth of the allegations contained in  
11 Paragraph 102 of Plaintiff's Complaint and therefore denies the allegations of  
12 Paragraph 102.

13           103. DEFENDANT reincorporates and realleges its responses to  
14 Paragraphs 1-102.

15           104. As to Paragraph 104, DEFENDANT is without sufficient knowledge  
16 or information so as to form a belief as to the truth of the allegations contained in  
17 Paragraph 104 of Plaintiff's Complaint and therefore denies the allegations of  
18 Paragraph 104.

19           105. As to Paragraph 105, DEFENDANT is without sufficient knowledge  
20 or information so as to form a belief as to the truth of the allegations contained in  
21 Paragraph 105 of Plaintiff's Complaint and therefore denies the allegations of  
22 Paragraph 105.

23           106. As to Paragraph 106, DEFENDANT is without sufficient knowledge  
24 or information so as to form a belief as to the truth of the allegations contained in  
25 Paragraph 106 of Plaintiff's Complaint and therefore denies the allegations of  
26 Paragraph 106.

27           107. As to Paragraph 107, DEFENDANT is without sufficient knowledge  
28 or information so as to form a belief as to the truth of the allegations contained in

1 Paragraph 107 of Plaintiff's Complaint and therefore denies the allegations of  
2 Paragraph 107.

3 108. As to Paragraph 108, DEFENDANT is without sufficient knowledge  
4 or information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 108 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 108.

7 109. DEFENDANT reincorporates and realleges its responses to  
8 Paragraphs 1-108.

9 110. As to Paragraph 110, DEFENDANT is without sufficient knowledge  
10 or information so as to form a belief as to the truth of the allegations contained in  
11 Paragraph 110 of Plaintiff's Complaint and therefore denies the allegations of  
12 Paragraph 110.

13 111. As to Paragraph 111, DEFENDANT is without sufficient knowledge  
14 or information so as to form a belief as to the truth of the allegations contained in  
15 Paragraph 111 of Plaintiff's Complaint and therefore denies the allegations of  
16 Paragraph 111.

17 112. As to Paragraph 112, DEFENDANT is without sufficient knowledge  
18 or information so as to form a belief as to the truth of the allegations contained in  
19 Paragraph 112 of Plaintiff's Complaint and therefore denies the allegations of  
20 Paragraph 112.

21 113. As to Paragraph 113, DEFENDANT is without sufficient knowledge  
22 or information so as to form a belief as to the truth of the allegations contained in  
23 Paragraph 113 of Plaintiff's Complaint and therefore denies the allegations of  
24 Paragraph 113.

25 114. DEFENDANT reincorporates and realleges its responses to  
26 Paragraphs 1-113.

27 115. As to Paragraph 115, DEFENDANT is without sufficient knowledge  
28 or information so as to form a belief as to the truth of the allegations contained in



1 Paragraph 115 of Plaintiff's Complaint and therefore denies the allegations of  
2 Paragraph 115.

3 116. As to Paragraph 116, DEFENDANT is without sufficient knowledge  
4 or information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 116 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 116.

7 117. DEFENDANT reincorporates and realleges its responses to  
8 Paragraphs 1-116.

9 118. As to Paragraph 118, DEFENDANT is without sufficient knowledge  
10 or information so as to form a belief as to the truth of the allegations contained in  
11 Paragraph 118 of Plaintiff's Complaint and therefore denies the allegations of  
12 Paragraph 118.

13 119. As to Paragraph 119, DEFENDANT is without sufficient knowledge  
14 or information so as to form a belief as to the truth of the allegations contained in  
15 Paragraph 119 of Plaintiff's Complaint and therefore denies the allegations of  
16 Paragraph 119.

17 120. As to Paragraph 120, DEFENDANT is without sufficient knowledge  
18 or information so as to form a belief as to the truth of the allegations contained in  
19 Paragraph 120 of Plaintiff's Complaint and therefore denies the allegations of  
20 Paragraph 120.

21 121. As to Paragraph 121, DEFENDANT is without sufficient knowledge  
22 or information so as to form a belief as to the truth of the allegations contained in  
23 Paragraph 121 of Plaintiff's Complaint and therefore denies the allegations of  
24 Paragraph 121.

25 122. As to Paragraph 122, DEFENDANT is without sufficient knowledge  
26 or information so as to form a belief as to the truth of the allegations contained in  
27 Paragraph 122 of Plaintiff's Complaint and therefore denies the allegations of  
28 Paragraph 122.

1           123. DEFENDANT reincorporates and realleges its responses to  
2 Paragraphs 1-122.

3           124. As to Paragraph 124, DEFENDANT is without sufficient knowledge  
4 or information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 124 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 124.

7           125. As to Paragraph 125, DEFENDANT is without sufficient knowledge  
8 or information so as to form a belief as to the truth of the allegations contained in  
9 Paragraph 125 of Plaintiff's Complaint and therefore denies the allegations of  
10 Paragraph 125.

11           126. As to Paragraph 126, DEFENDANT is without sufficient knowledge  
12 or information so as to form a belief as to the truth of the allegations contained in  
13 Paragraph 126 of Plaintiff's Complaint and therefore denies the allegations of  
14 Paragraph 126.

15           127. As to Paragraph 127, DEFENDANT is without sufficient knowledge  
16 or information so as to form a belief as to the truth of the allegations contained in  
17 Paragraph 127 of Plaintiff's Complaint and therefore denies the allegations of  
18 Paragraph 127.

19           128. As to Paragraph 128, DEFENDANT is without sufficient knowledge  
20 or information so as to form a belief as to the truth of the allegations contained in  
21 Paragraph 128 of Plaintiff's Complaint and therefore denies the allegations of  
22 Paragraph 128.

23           129. As to Paragraph 129, DEFENDANT is without sufficient knowledge  
24 or information so as to form a belief as to the truth of the allegations contained in  
25 Paragraph 129 of Plaintiff's Complaint and therefore denies the allegations of  
26 Paragraph 129.

27           130. As to Paragraph 130, DEFENDANT is without sufficient knowledge  
28 or information so as to form a belief as to the truth of the allegations contained in

1 Paragraph 130 of Plaintiff's Complaint and therefore denies the allegations of  
2 Paragraph 130.

3 131. As to Paragraph 131, DEFENDANT is without sufficient knowledge  
4 or information so as to form a belief as to the truth of the allegations contained in  
5 Paragraph 131 of Plaintiff's Complaint and therefore denies the allegations of  
6 Paragraph 131.

7 132. As to Paragraph 132, DEFENDANT is without sufficient knowledge  
8 or information so as to form a belief as to the truth of the allegations contained in  
9 Paragraph 132 of Plaintiff's Complaint and therefore denies the allegations of  
10 Paragraph 132.

11 133. As to Paragraph 13, DEFENDANT is without sufficient knowledge or  
12 information so as to form a belief as to the truth of the allegations contained in  
13 Paragraph 133 of Plaintiff's Complaint and therefore denies the allegations of  
14 Paragraph 133.

15 **ADDITIONAL DEFENSES**

16 DEFENDANT also pleads the following separate and affirmative defenses  
17 to the Complaint. All such defenses are pleaded severally and in the alternative, do  
18 not constitute admissions of liability or that Plaintiff is entitled to any relief  
19 whatsoever, and do not waive any burden imposed on Plaintiff as a matter of law.

20 **FIRST SEPARATE AND ADDITIONAL DEFENSE**

21 **(Fails to State a Claim for Relief)**

22 The Complaint, and each of its causes of action against DEFENDANT, fails  
23 to state facts sufficient to constitute a cause of action.

24 **SECOND SEPARATE AND ADDITIONAL DEFENSE**

25 **(Consent by Claimants)**

26 Plaintiff is not entitled to recover from DEFENDANT based on the claims in  
27 the Complaint, and each purported cause of action alleged therein against  
28 DEFENDANT, because the Debtor, their board of directors, and/or their agents,

1 attorneys or representatives had actual, implied, or constructive knowledge of all  
2 acts and/or omissions alleged in the Complaint, and while conscious of those acts  
3 and/or omissions, Debtor, their board of directors and/or their agents, attorneys or  
4 representatives gave express or implied consent to all such alleged acts and/or  
5 omissions.

6 **THIRD SEPARATE AND ADDITIONAL DEFENSE**

7 **(Waiver)**

8 The Plaintiff and/or the Debtor and/or their agents, attorneys or  
9 representatives waived the right, if any, to pursue the Complaint, and each of its  
10 causes of action against DEFENDANT, by reason of Debtors' or their agents,  
11 attorneys or representatives' own actions and course of conduct.

12 **FOURTH SEPARATE AND ADDITIONAL DEFENSE**

13 **(Unjust Enrichment)**

14 Plaintiff may not recover damages in this action because under the  
15 circumstances presented, such a recovery would constitute unjust enrichment.

16 **FIFTH SEPARATE AND ADDITIONAL DEFENSE**

17 **(Laches)**

18 The Complaint, and each of its causes of action against DEFENDANT, is  
19 barred by the doctrine of laches.

20 **SIXTH SEPARATE AND ADDITIONAL DEFENSE**

21 **(Estoppel)**

22 The Complaint and the causes of action contained therein are barred, in  
23 whole or in part, by the doctrine of estoppel due to the Plaintiff and or Debtor's or  
24 their agents, attorneys or representatives' own actions or omissions.

25 **SEVENTH SEPARATE AND ADDITIONAL DEFENSE**

26 **(No Proximate Causation)**

27 The Complaint, and each of its causes of action against DEFENDANT, is  
28 barred, in whole or in part, because any alleged injuries or damages were not

1 legally or proximately caused by any acts or omissions of DEFENDANT or for  
2 which DEFENDANT is responsible, and/or were caused, if at all, by others for  
3 whose conduct DEFENDANT is not responsible.

4 **EIGHTH SEPARATE AND ADDITIONAL DEFENSE**

5 **(Intervening or Superseding Cause)**

6 The alleged damages in the Complaint, if any, were the result of one or more  
7 intervening or superseding causes.

8 **NINTH SEPARATE AND ADDITIONAL DEFENSE**

9 **(Reasonable Reliance by DEFENDANT)**

10 The purported claims against DEFENDANT are barred in whole or in part  
11 because any alleged actions or failures to act by DEFENDANT were based upon  
12 the advice, information, opinions, reports, or statements presented by the Debtor or  
13 its agents, attorneys or representatives.

14 **TENTH SEPARATE AND ADDITIONAL DEFENSE**

15 **(No Reliance)**

16 Debtor did not reasonably, justifiably, or rationally rely on any purported  
17 conduct or statements by DEFENDANT.

18 **ELEVENTH SEPARATE AND ADDITIONAL DEFENSE**

19 **(Contrary to Public Policy)**

20 Plaintiff's claims and the relief requested in the Complaint are barred as  
21 contrary to public policy.

22 **TWELFTH SEPARATE AND ADDITIONAL DEFENSE**

23 **(Mitigation of Damages)**

24 Plaintiff's recovery is barred, in whole or in part, to the extent Debtor failed  
25 to take reasonable action to mitigate damages.

**THIRTEENTH SEPARATE AND ADDITIONAL DEFENSE**

**(Offset)**

The damages, if any, must be offset by the amounts owed by other third parties.

**FOURTEENTH SEPARATE AND ADDITIONAL DEFENSE**

**(Punitive Damages Unconstitutional)**

In the event punitive damages are alleged against DEFENDANT, Plaintiff is not entitled to recover any punitive damages, and any allegations in support of a claim for punitive damages should be stricken, because any award of punitive damages in this action would violate Defendant's constitutional rights under the due process clauses of the Fifth and Fourteenth Amendments to the United States Constitution, and the excessive fines and cruel and unusual punishment clauses of the Eighth Amendment to the United States Constitution, as well as other provisions of the United States Constitution and the California Constitution.

**FIFTEENTH SEPARATE AND ADDITIONAL DEFENSE**

**(Statute of Limitations)**

The Complaint, and each of its causes of action against DEFENDANT, is barred in whole or in part by all applicable statutes of limitation.

**SIXTEENTH SEPARATE AND ADDITIONAL DEFENSE**

**(Actions Taken in Good Faith)**

Plaintiff's claims are barred because DEFENDANT's actions regarding the subject matters alleged in the Complaint, to the extent that they were taken at all, were undertaken in good faith, and were lawful, privileged, and justified.

**SEVENTEENTH SEPARATE AND ADDITIONAL DEFENSE**

**(Lack of Standing)**

Plaintiff's claims are barred because Plaintiff does not have standing to pursue the alleged claims in the Complaint.

**EIGHTEENTH SEPARATE AND ADDITIONAL DEFENSE**

**(Fraud and Bad Faith)**

DEFENDANT is informed and believes and, on that basis, alleges that Debtor's board of directors or its agents, attorneys or representatives, other than DEFENDANT, acted in bad faith and/or fraudulently in connection with the acts and events alleged in the Complaint, and this bad faith and/or fraudulent conduct extinguishes or, at a minimum, reduces any damages sought in any of the alleged causes of action.

**NINETEENTH SEPARATE AND ADDITIONAL DEFENSE**

**(Ratification)**

DEFENDANT is informed and believe and thereupon allege that the Debtor or its board of directors, or agents, attorneys or representatives knew of and ratified the acts of DEFENDANT, to the extent that they were taken at all, as alleged in the Complaint.

**TWENTIETH SEPARATE AND ADDITIONAL DEFENSE**

**(No Attorneys' Fees)**

Plaintiff has failed to allege facts sufficient to support its claim for attorneys' fees, and Plaintiff is not entitled to recover attorneys' fees in this action.

**TWENTY-FIRST SEPARATE AND ADDITIONAL DEFENSE**

**(Speculative Damages)**

Plaintiff is barred from any recovery against DEFENDANT based on the claims in the Complaint, and each purported cause of action alleged therein against DEFENDANT, because the alleged damages, if any, are based on guesswork, speculation, and conjecture.

**TWENTY-SECOND SEPARATE AND ADDITIONAL DEFENSE**

**(Comparative Fault)**

Debtor or other defendants or third parties, other than this DEFENDANT, caused or contributed to the damages alleged by Plaintiff. Therefore, any award

made in favor of the Plaintiff in this case must be reduced by an amount equal to the percentage of the fault of others in causing or contributing to the damages as alleged in the complaint.

**TWENTY-THIRD SEPARATE AND ADDITIONAL DEFENSE**

**(Contributory Negligence)**

If Debtor suffered or sustained any loss, injury, damage or detriment, the same was directly and proximately caused and contributed to by the conduct, acts, omissions, activities, carelessness, negligence, and/or intentional misconduct of Plaintiff, through the actions of its Board of Directors, attorneys, accountants, and other agents responsible for the well-being of Debtor.

**RESERVATION OF RIGHTS**

DEFENDANT has alleged the defenses of which he is currently aware. DEFENDANT does not knowingly or intentionally waive any applicable defenses and reserves the right to raise additional defenses as they become known through discovery or to retract defenses that lack support following discovery. DEFENDANT reserves the right to amend his Answer accordingly.

**PRAYER FOR RELIEF**

WHEREFORE, Defendant requests that the Court enter judgment as follows:

- A. That Plaintiff take nothing by way of the Complaint; and
- B. For such further relief as the Court may deem appropriate.

Respectfully submitted,

Dated: February 24, 2022

LAW OFFICES OF STEVEN  
GOLDSOBEL, A PROFESSIONAL  
CORPORATION

By: /s/ Steven M. Goldsobel  
STEVEN M. GOLDSOBEL  
VANDAD KHOSRAVIRAD  
Attorneys for Defendant  
STEVEN SCHULTZ



**DEMAND FOR JURY TRIAL**

Pursuant to 28 U.S.C. § 157(e) and Bankruptcy Rule 9015, DEFENDANT  
demands a trial by jury in accordance with Fed. R. Civ. P. 38(b).

Dated: February 24, 2022

LAW OFFICES OF STEVEN  
GOLDSOBEL, A PROFESSIONAL  
CORPORATION

By: /s/ Steven M. Goldsobel  
STEVEN M. GOLDSOBEL  
VANDAD KHOSRAVIRAD  
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